

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

GUIDEONE ELITE INSURANCE COMPANY
1111 Ashworth Road
West Des Moines, IA 50265

CIVIL ACTION

V.

NO.

DIOCESE OF THE NORTHEAST AND MID-
ATLANTIC OF THE REFORMED EPISCOPAL
CHURCH
826 Second Avenue
Blue Bell, PA 19422

COMPLAINT FOR DECLARATORY JUDGMENT

Plaintiff, GuideOne Elite Insurance Company, through its attorneys, Margolis Edelstein, hereby files this Complaint for Declaratory Judgment and against Diocese of the Northeast and Mid-Atlantic of the Reformed Episcopal Church and in support thereof states as follows:

PARTIES

1. At all times relevant hereto, GuideOne Elite Insurance Company was a corporation organized and existing under the laws of the State of Iowa with its principal place of business located at 1111 Ashworth Road, West Des Moines, Iowa 50265 and at all relevant times hereto was authorized to transact business in the Commonwealth of Pennsylvania as an insurance company.

2. At all times relevant hereto, Diocese of the Northeast and Mid-Atlantic of the Reformed Episcopal Church was an association of churches and/or other parochial enterprises organized and existing under the laws of the Commonwealth of Pennsylvania and having a principal place of business at 826 Second Avenue, Blue Bell, Pennsylvania 19422.

3. Plaintiff issued a blanket commercial insurance policy to Episcopal Diocese including commercial property coverage, commercial general liability coverage, and commercial inland marine coverage for the policy period June 15, 2004 to June 15, 2005 having Policy No. 1206-719. A true and correct copy of the policy is attached hereto and marked as Exhibit "A".

JURISDICTION AND VENUE

4. Jurisdiction is invoked under the provisions of 28 U.S.C. §1332 as this is an action between citizens of different states.

5. The amount in controversy, exclusive of interest and costs, exceeds the sum of One Hundred Thousand Dollars (\$100,000.00).

6. Venue is proper in this jurisdiction pursuant to 28 U.S.C. §1391.

FACTUAL BACKGROUND

7. Among the churches belonging to the Diocese of the Northeast and Mid-Atlantic of the Reformed Episcopal Church is the Christ Memorial Reformed Episcopal Church located at 43rd and Chestnut Streets, Philadelphia, Pennsylvania 19104.

8. Christ Memorial Reformed Episcopal Church is a named insured on the Schedule of Named Insureds of the GuideOne Elite Insurance Company Policy No. 1206-719.

9. On or about August 3, 2004, the Christ Memorial Reformed Episcopal Church at 43rd and Chestnut Streets in Philadelphia, Pennsylvania suffered a steeple collapse.

10. The church which presently houses the Christ Memorial

Reformed Episcopal Church was originally constructed in 1887 and included a 180 foot bell tower in the southwest corner.

11. Prior to the collapse, Christ Memorial Reformed Episcopal Church had secured the services of architects, DPK&A in conjunction with Partners for Sacred Places, a non-profit organization organized and existing to preserve America's older religious properties.

12. DPK&A conducted an extensive property survey in mid-2004 resulting in the production of a July, 2004 report detailing the condition of the steeple tower. A true and correct copy of the DPK&A report is attached hereto and marked as Exhibit "B".

13. In its pre-collapse report, the architects advised Christ Memorial Church that there were large cracks in the tower and that the tower was undergoing an active and accelerating process of implosion.

14. In its pre-collapse report, the architects also stated that several support rods had failed and that the church was in unstable condition.

15. In its pre-collapse report, the architects also found that active stone loss and instability had lead to the loss of an entire corner or pier and that catastrophic collapse was eminent.

16. As a result of the DPK&A pre-collapse report, Christ Memorial Church erected fencing around the steeple, discontinued use of the building, and also engaged a committee to explore fundraising activities to demolish a portion of the tower and restore it to a safe condition.

17. GuideOne Elite Insurance Company investigated the claim

including the retention of consulting structural engineers, The Kacheli Group, who confirmed that the collapse was the result of extreme decay and deterioration and ruled out all reasonable alternative causes. A true and correct copy of the report issued by Kacheli Group is attached hereto and marked as Exhibit "C".

APPLICABLE POLICY PROVISIONS

18. The GuideOne Elite Insurance Company policy issued to Diocese of the Northeast and Mid-Atlantic of the Reformed Episcopal Church provides basic insuring language of the Building and Personal Property Coverage Form stating that:

"we will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss".

19. The Causes of Loss - Special Form specifies that Covered Causes of Loss are risks of direct loss unless the loss is excluded or limited. Exclusion B.2 states that:

We will not pay for loss or damage caused by or resulting for any of the following:

- d. (1) Wear and tear;
(2) ...decay, deterioration... or any quality in property that causes it to damage or destroy itself;
- f. Continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more. ...
- k. Collapse, except as provided below in the Additional Coverage for Collapse. But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that covered Cause of Loss.

19. The Additional Coverage for Collapse states that:

"We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building insured under this Coverage Form, if the collapse is caused by one or more of the following:

a. The "specified cause of loss'..." Those "specified causes of loss include lightning."

20. Exclusion B.3 states that:

"We will not pay for loss or damage caused by or resulting from any of the following, 3.a through 3.c. But is an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage by the Covered Cause of Loss.

b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Faulty, inadequate or defective:

(2)... repair,...;

(4) Maintenance;

of part or all of any property on or off the described premises."

21. For the reasons set forth above, GuideOne Elite Insurance Company issued a denial of coverage to Diocese of the Northeast and Mid-Atlantic of the Reformed Episcopal Church for the steeple collapse at Christ Memorial Reformed Episcopal Church dated September 27, 2004. A true and correct copy of the GuideOne Elite Insurance Company denial of coverage letter is attached hereto and marked as Exhibit "D".

REQUESTED RELIEF AGAINST EPISCOPAL DIOCESE OF PENNSYLVANIA

22. GuideOne Elite Insurance Company affords no coverage to Diocese of the Northeast and Mid-Atlantic of the Reformed Episcopal Church for any damage sustained as a result of the steeple collapse

at the Christ Memorial Reformed Episcopal Church as the collapse was not the result of any covered cause of loss.

WHEREFORE, GuideOne Elite Insurance Company respectfully requests a determination from this Honorable Court that GuideOne Elite Insurance Company affords no coverage to Diocese of the Northeast and Mid-Atlantic of the Reformed Episcopal Church for any losses sustained by Episcopal Diocese of Pennsylvania as a result of the steeple collapse at Christ Memorial Reformed Episcopal Church.

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